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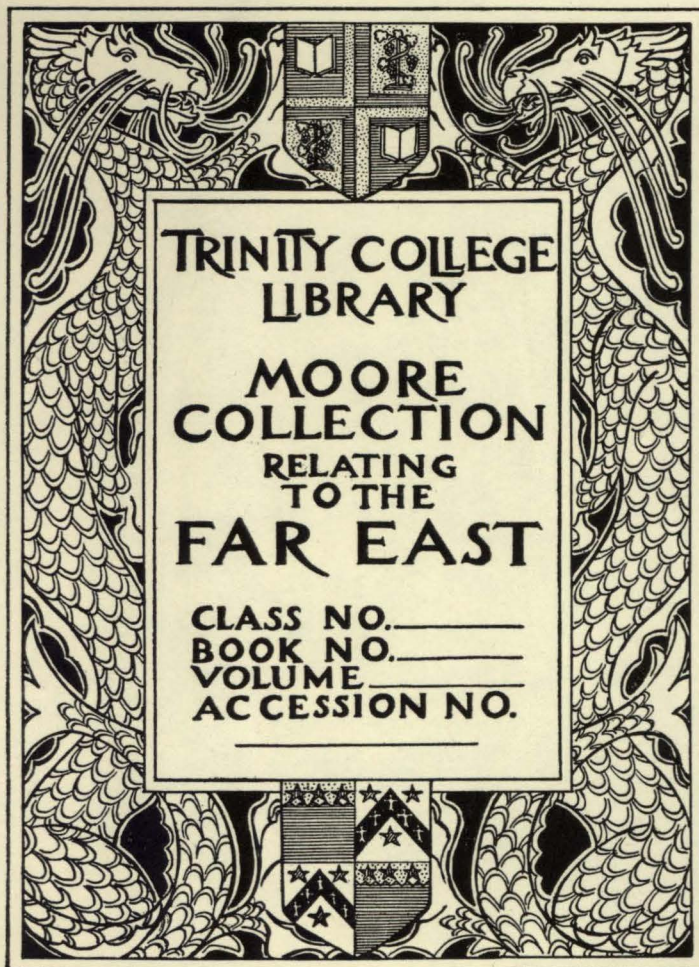
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THE COAST AND RIVER TRADE OF CHINA.

by

G. Warren Swire.

Prepared for the Fourth Bi-annual Conference of
the Institute of Pacific Relations, to be held at
Hangchow from 18th October to 3rd November, 1931.

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It is proposed to start with the following definitions:-

"Coastal Trade" in its technical or treaty sense is trade between two open Treaty ports.

"Inland Water Trade" in its technical or treaty sense is trade between a Treaty port and a non-Treaty port, and sometimes even between two non-Treaty ports, and it is generally a result of the Treaty of 1858.

The Chinese in speaking of inlandwater navigation generally mean it literally, i.e., navigation on the rivers of China.

The Royal Institute of International Affairs, as such, is precluded by its rules from expressing an opinion on any aspect of International affairs. Any opinions expressed in this paper are, therefore, purely individual.

A good evidence of the ever-increasing part played by foreign-built tonnage on the Coast and Rivers of China, the following dates of the inception of the principal concerns now running may be of interest. In 1857 the British firm of Russell & Company started to run vessels built on the river of the Mississippi river-system on the Yangtze, under the name of the Shanghai S.S. Company. In 1858 the English Hong Kong, Canton & Swatow Steamship Company ran vessels from Hong Kong to Canton and Swatow. In 1870 the English China Navigation Company first ran ships both on River and Coast. In 1871 Russell's vessels were taken over by the first big

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The Chinese in speaking of Inland Water Navigation generally mean it literally, i.e., navigation on the rivers of China - the Yangtze, Pearl and West Rivers.

I. While it seems desirable to give a brief historical survey of this trade from the shipowner's point of view, this memorandum does not profess to deal with the question before the days of steam. Up to that time, with the exception first of the East India Company's vessels and then of the clippers filling in time between their arrival from or departure to India or Europe, the trade was carried on by the native junk and, while everyone must pay a tribute to the extraordinary seamanship and skill, which took these vessels on really long voyages, their limited carrying capacity necessarily implied a limited trade. In 1866, however, the first steamer arrived in a Chinese port from Europe via the Cape, and the era of steam in the Coastal trade may be said to have started.

As some evidence of the ever-increasing part played by foreign-style tonnage on the Coast and Rivers of China, the following dates of the inception of the principal concerns now running may be of interest. In 1867 the Boston firm of Russell & Company started to run vessels built on the model of the Mississippi river-steamers on the Yangtze, under the ownery of the Shanghai S.N. Company. In 1865 the English Hong Kong, Canton & Macao Steamboat Company ran vessels from Hong Kong to Canton and Macao. In 1873 the English China Navigation Company first ran ships both on River and Coast. In 1877 Russell's vessels were taken over by the first big

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Chinese company, the China Merchants S.N. Company, which was started by Tong King Sing under semi-Government auspices. In 1881 the English Indo-China S.N. Company took over a number of vessels, which had been run in a rather desultory way for a number of years by Jardine, Matheson & Company, and started regular services on River and Coast, in addition to their original service between India and China. In the eighties also the English-Scottish Oriental Company started its services between China and Siam and the Straits and was eventually in 1900 bought out by the Norddeutscher Lloyd, which continued to run until 1914. In 1898 the Osaka Shosen Kaisha started a service on the Yangtze, followed later by the Nippon Yusen Kaisha, who eventually took over a small concern running under the British flag, and in 1907 these two companies amalgamated their River services into a new company, the Nissen Kisen Kaisha. Between 1900 and 1914 the Norddeutscher Lloyd ran a service on the River and between 1898 and 1914 Diederichsen Jebsen & Company, followed by the Hamburg-Amerika Linie, ran another on the Coast.

In 1909 the Ningshao S.N. Company first ran a vessel to Ningpo and from this beginning has been built up the present Sanpeh-Ningshao combine, which runs regular services on the River and irregular trips on the Coast. The only other notable Chinese concerns are the Ching Kee S.N. Company Limited, which from a start about 1909 between the ports north of Shanghai has now extended its sphere to include a share in the trade to Hong Kong and Canton, and the Ho Hong S.S. Company, Limited, which runs between South China ports, the Straits and Rangoon.

In addition to the above regular lines there are a considerable number of Norwegian vessels usually on charter to Chinese and small Chinese one-ship companies, which buy or charter old tonnage and appear and disappear in accordance with the state of the freight market.

The general run of the China Coast trade is, with the exception of a few commodities, from North to South and is as the next few lines will show, largely of a seasonal nature. The main lines of produce are:-

Beans and Bean cake - from Manchurian ports to South China. (The latter is used as manure).

Ground Nuts - - - - from Tsingtao or Pukow to the South.

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- Bohns and Beans - from Manchurian ports to South China. (The latter is used as a substitute for the former.)
- Groundnuts - from Tientsin or Fuhow to the South.

Rice - - - - - from various River ports both to the North
and to Canton.

Rice - - - - - from Bangkok and Saigon generally to
South China ports.

Cotton - - - - - from Middle Yangtsze ports.
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Wood Oil - - - from the Upper Yangtsze
and Tungting Lake.

Besides all this there is of course the ordinary
general trade.

In appendix "A" are given some figures of the
tonnage, both Chinese and foreign, trading in China waters,
and in appendix "B" of the Coastal trade of China and of the
proportions carried respectively by Chinese and foreign
tonnage. Although these figures are admittedly incomplete,
and in a few cases rather in the nature of estimates, they
are substantially accurate and at least serve to give an idea
of the subject dealt with in this essay. A certain proportion
of the Chinese Coast trade, for which, however, it is difficult
to give exact figures, consists of exports with destination
abroad in Europe, Japan or America. Some idea of this trade
is given by the figures for Hankow, one of the biggest export
ports of China. Although it is not strictly part of the
China Coast trade, some figures are given for the big passenger
traffic and trade between Southern Chinese ports and Siam and
the Straits, by which the labour requirements of these two
countries have been met for very many years.

II. In spite of the increased share of the China
Coastal trade secured by Chinese owned or chartered tonnage
in, say, the last twenty years, the great part taken by
foreign concerns in the development of this trade since the
inception of steam cannot fail to be noticed. This state of
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conferred on the foreign companies by their extra-territorial
rights, which their Chinese competitors did not enjoy, and
by the absence of which they were deprived of all chance of
healthy growth; but, before this argument can be accepted as
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filled a need, they must inevitably have been gradually supplanted by Chinese tonnage to carry Chinese trade along the Coast and Rivers of China.

Apart from the inherited ship-owning sense, which may not unfairly be allowed, at any rate, to the English concerns, the success of the foreign steamship companies may well have been due to the highly-developed company system, with its continuity of management, ability to accumulate reserves, etc., etc., which has for many years past been characteristic of Western enterprise and which has only recently taken root in China. This system has also put the foreign companies in the position of being able to provide special tonnage for any new trade which showed signs of development.

Although in a sense banking, as we know it, may be said to have originated in China long ago, Chinese business has until quite recently - and even now there has only been a change to a small extent and in the larger Treaty ports - been in general run on family lines, and has in only too many cases depended on the personality of one man, whose descendants or successors have not been good enough to carry on. There is much to be said for family or private concerns, provided always that the former do not put people in responsible positions simply because they belong to the family, and that the latter do not take money out of the business which is needed for replacement of plant, as has notoriously been done in so many cases all over the world.

The two other principal advantages possessed by the foreigners were in materiel and personnel.

Long years of experience in the design, construction and management of foreign-style ships in sail and steam enabled the shipowner to judge the best type of ship for a particular trade, and the shipbuilder to provide a ship which would carry a large cargo economically and speedily under any specified conditions. Added to this were and are the survey requirements of the various foreign Governments and of corporations like Lloyds, which have always ensured a high standard of seaworthiness, as well as the reactions of a vessel's seaworthiness on the rate of marine insurance charged her and cargo carried by her. Mention should also be made of the wharf and warehouse facilities, which, in the absence of anything of the kind in Chinese ports, the foreign companies had to provide for themselves. In this they have been followed

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as far as possible by all later comers in these trades and it is obvious that these buildings of first rate construction, with their generally efficient service and low insurance premia, have been of great advantage to merchants in the prosecution of their trade.

What has been said above about the requirements of foreign Governments in the matter of seaworthiness applies also to the question of personnel. The professional standard required by law, before any man could take charge of a foreign ship, was such as to ensure a high degree of safety and skill in navigation, etc., etc.

The result of all these factors has been that the foreign ship carried its cargo and passengers more safely, with greater speed and with less damage, than the Chinese ship, and certainly one case has been known where Chinese shippers have actually insisted on the retention of foreign tonnage in trades where, by the strict letter of the Treaties, it was not entitled to run and only did run by special permission. It is perhaps worthy of mention that, whereas in the past the custom of the seasonal produce trades was almost always to charter a vessel and ship a full cargo, for which purpose it was frequently necessary for several merchants to combine together, the tendency has been for some years more and more in the direction of taking advantage of the regular schedule sailings provided by the larger companies and shipping in smaller quantities, whenever the market justified it. This custom would seem to be more convenient and less risky and has undoubtedly been brought about by these companies providing regular services, if anything in advance of the requirements of the trade.

The Maritime Customs, and therefore the Chinese revenue, must also have benefitted to a considerable extent by the participation of foreign tonnage in the Coastal trade, partly owing to the increase in trade, which efficient transport always brings, and partly to the greater difficulty of smuggling and private trading in foreign ships, due to the greater control over them exercised by their own authorities. In fact, the foreign shipowners were controlled by their own Consuls and therefore were more easily controlled by the Customs.

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Further, although they may perhaps be accused of putting many thousands out of work, they have provided employment (and in some cases fortunes) for many thousands of Chinese of

all grades of society, at rates of pay and under conditions of service at least not inferior to any obtainable in China. For instance, one foreign company pays some 6,900 afloat and 2,000 ashore - not to mention employment for compradores' staffs, stevedores, carry coolies, etc., etc.

Lastly, it can hardly be denied that during the last ten years or so, if all foreign tonnage had been excluded from the Coastal and River trade and removed elsewhere, the whole trade of the country would have been entirely held up, to the evident disadvantage of - among other things - the Customs revenue. During the recurring periods of disorder, and especially during the civil wars between South and North, important railways like the Tientsin-Pukow and the Peking-Hankow, which should be carrying the produce of the fertile plain north of the Yangtze, have been engaged in carrying troops, to the manifest loss of the export trade of the country. During these periods also the railways have been allowed to deteriorate very seriously and much will have to be spent on them, before they can be brought back to proper condition. The Chinese merchant marine has also been subject to commandeering for months at a time during periods of civil war, so that it was no longer available for its proper purpose of carrying the trade of the country. Although this stoppage of the railways hurt the foreign shipowner as much as the Chinese, a short view might be that he was gaining some advantage by the absence of the competition from Chinese tonnage. He would, however, far sooner have been subject to the normal competition and seen the country's trade prospering normally.

III. To turn now to the Chinese merchant marine and to the reasons for its comparatively poor showing in the trade of its own country. Perhaps its worst enemy of recent years has been its own Government. Up to, say, ten years ago the China Merchants Company maintained its services in company with the foreign concerns and, generally speaking, pulled its weight in those trades, in which it worked in close conjunction with the foreigners. Since then it has suffered to an ever increasing degree from Government interference with its management, which is perhaps due to its having always been looked upon as the national company, to the extent that with its other misfortunes it has been completely crippled. This criticism applies especially to the China Merchants Company, and to a much less extent - if, indeed, it applies at all - to the other Chinese concerns. Another handicap, to which all Chinese tonnage has been subject, is that of being

all kinds of society, at rates of pay and under conditions of service at least not inferior to any obtainable in China. For instance, one foreign company pays some 8,000 dollars and 2,000 shillings - not to mention employment for company staffs, stewards, etc., etc.

Lastly, it can hardly be denied that during the last ten years or so, if all foreign companies had been excluded from the coastal and river trade and removed elsewhere, the whole trade of the country would have been entirely sold up to the extent of about one-third of the country's total output. During the remaining periods of disorder, and especially during the civil wars between South and North, important railways like the Tientsin-Peking and the Peking-Hankow, which should be carrying the produce of the fertile plain north of the Yangtze, have been engaged in carrying troops, so the greatest loss of the export trade of the country. During these periods also the railways have been allowed to deteriorate very seriously and much will have to be spent on them before they can be brought back to their condition. The Chinese merchant marine has also been subject to considerable losses at a time during periods of civil war, so that it was no longer available for its proper purpose of carrying the trade of the country. Although this stoppage of the railways hurt the foreign shipping as much as the Chinese, it should be noted that he was gaining some advantage by the absence of the competition from Chinese ships. He would, however, far sooner have been subject to the normal competition and then the country's trade prospering normally.

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commandeered for trooping in the civil wars, which have, to the despair of her friends, been a feature of Chinese political life for so many years now and which, we can only hope, are now at an end. National tonnage can, of course, not expect to be free from requisition during national crises; but even the British Government, after much haggling and perhaps arbitration, pays British ships for services rendered, whereas it is very probable that the Chinese shipowner has received little or nothing by way of charter hire for his trooping services.

Apart from these two handicaps, however, Chinese shipowning must be judged on its own merits. Its chief weakness has probably been its management, to which reference has been made above. Up to date, except in a few cases, there has not been the continuity of policy, nor the sense of good management for its own sake and not for any personal gain, which is on the whole a feature of Western business, and failing which Chinese shipowning will never have the success so much to be desired. The cause of this, as has been said above, has doubtless been the family basis, on which so much of China has been built, and one can point to cases in other branches of business, where a Chinese concern under one dominant personality has been a competitor formidable even to the biggest, but under his successors - probably members of the family - has fallen back to impotence. Again, when one gets to the lower grades of the staff, one finds that what in the higher management is weakness and lack of continuity has become corruption and slackness and overstaffing, merely in order to find jobs for friends, in accordance with tradition. This last is, though to a much less degree, the case with the Chinese staffs of the foreign firms also, do what they may to get things on to a Western basis of efficiency. Further, from one's own observations, and from conversations with Chinese, one is left with the impression that not enough importance is attached to such vital (especially in shipowning, where the assets waste rapidly and the return on capital over a number of years is small) things as adequate depreciation and allocations to reserve before the declaration of any dividend.

This leads one to the matériel of the Chinese companies, as it has been up to the present. Owing largely to lack of experience and really up-to-date technical advice, new tonnage built has often not been as economical as it might have been, unsuitable tonnage has been bought - e.g., one concern runs vessels of Coaster type on the Yangtze, not enough

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attention is paid to repairs and overhauls, so that the vessel becomes inefficient before her time, and owing to insufficient allocations to depreciation it is impossible to replace her with up-to-date tonnage. All this means, although it may not appear on the surface, greater expense to the shipowner in running and claims and to the shipper in delay in transit and damage to cargo and prejudice to the trade of the country as a whole from insufficient means of communication.

Finally one comes to the question of the skilled navigating and engineer personnel, which for Coasting purposes, at any rate, is as yet almost wholly lacking. There are a lot of good engineers in the Yangtsze tug fleets of the various companies and in many of the smaller river and coasting craft; but much of their efficiency and pride in their engines is due to the expert foreign supervision above them, and it is at least doubtful if they are as yet fit to go as watchkeepers in larger and more valuable tonnage, until they have rather more tradition of the sea. The position with deck officers is much worse and up to date there is practically no supply of men suitable to take command of anything more than the smaller Yangtsze tonnage, since the pilots, who do such valuable work on all the River steamers, have not at present the education to undertake real navigation, and the educated class have in general no sea sense nor love of the sea.

In appendix "C" are given some particulars of Chinese tonnage running in the China Coastal trade, which are as accurate as they can be made in the time at the writer's disposal.

IV. The foregoing is an attempt to set on paper impartially the results of experience in and observation of respectively foreign and Chinese shipping in the domestic trade of China, and the far more difficult task now remains of considering means whereby the latter can take the place in the trade of its own country which is its due.

Firstly it must be admitted that until about the last ten years the foreign companies have not looked with too favourable an eye on the efforts of the more recently formed Chinese concerns to establish themselves as what in English shipping language would be called "Conference Companies." This admission does not, however, apply to the China Merchants Company, which, from its very inception, was recognised by the foreigners as the national company and as such entitled to

attention is paid to repairs and overhauls, so that the vessel becomes inefficient before her time, and owing to insufficient allocations to depreciation it is impossible to replace her with up-to-date tonnage. All this means, although it may not appear on the surface, greater expense to the shipowner in running and repairs, and to the shipper in delay in transit and damage to cargo and impediment to the trade of the country as a whole from inefficient means of communication.

Finally one comes to the question of the skilled navigation and engine personnel, which for existing purposes, at any rate, is as good as wholly lacking. There are a lot of good engineers in the Japanese but little of the various companies and in many of the smaller river and coastal craft; but much of their efficiency and pride in their engines is due to the expert foreign supervision above them, and it is at least doubtful if they are as well fit to go as workshopmen in larger and more valuable tonnage, until they have either gone through the school of the sea. The position with deck officers is much worse and up to date there is practically no supply of men suitable to take command of anything more than the smaller Japanese tonnage, since the pilots, who do such valuable work on all the River steamers, have not at present the education to undertake real navigation, and the educated class here in general no sea sense nor love of the sea.

In appendix "C" are given some particulars of Chinese tonnage running in the China Coastal trade, which are as accurate as they can be made in the time at the writer's disposal.

IV. The foregoing is an attempt to set out a general impression of the results of experience in the development of respectively foreign and Chinese shipping in the domestic trade of China, and the far more difficult task now remains of considering means whereby the latter can take the place in the trade of its own country which is its due.

Firstly it must be admitted frankly about the last ten years the foreign companies have not fared with too favorable an eye on the efforts of the more recently-formed Chinese companies to establish themselves as sea-going shipping companies would be called "foreign companies". This admission does not, however, imply to the Chinese merchants Company, which, from the very inception, was recognized by the foreigners as the national company and as such entitled to

pride of place. This it duly received in the old Yangtze Pool, which lasted from the seventies until 1925, by being given in the agreement more pool "points" than the two foreign companies. Recently, however, others of the Chinese concerns have, in the growing trade of the country, consolidated a position and consequently the older companies have altered their attitude and tried to establish relations of friendly competition by means of rate agreements, etc., etc., just as in, say, the ocean trade between Europe and the Far East casual competition is not recognised by the Conference until it proves itself capable of (and with the intention of) staying in the trade as a liner concern in bad times as well as good. Here one must voice the criticism that the Chinese shipowners have not always kept these agreements when it did not suit them to do so. They have said in reply to argument that, not having the shore facilities and organisation of the older people, they cannot at equal rates get any cargo. This, of course, is usually admitted and a differential agreed to; but they have not been content with this and have cut and cut rates. This has neither helped them nor anyone else - not even shippers, who are not advantaged by constant fluctuation in rates, nor by the inability of the shipowners to make money, seeing that money is needed to provide new facilities for the increasing needs of trade. It can honestly be stated that the foreign companies have, generally speaking, had a steadying influence on rates of freight and have set an example, by trying to control long-established abuses, which were a burden to both shipowner and shipper.

From the shipowner's point of view some of the more recent Chinese owneries have also laid themselves open to the criticism that, having originally been formed by associations of merchants, they have paid too much attention to the merchants' natural wish for low rates and not enough to the need for making the ships pay. It has been shown more than once in different trades all over the world that this state of affairs is really good for no-one and that, while the needs of the shipowner and of the shipper (cargo and transport) are complementary, it does not pay in the long run to confuse their separate interests, as usually happens in "merchant shipowning."

Although the growth of the Chinese merchant marine has been slow, it has certainly been continuous, and it can surely fairly be claimed that the China Merchants Company and the other older companies have been a useful core, round which the newer concerns could crystallise, and that without their

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increasing needs of trade. It can honestly be stated that
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has been slow, it has certainly been continuous, and it can
surely fairly be claimed that the China Merchants Company and
the other older companies have been a useful force, round which
the newer concerns could crystallize, and that without their

example and accumulated fund of experience, and supply of useful ingredients such as trained personnel, it would not have been easy for the younger concerns to get started.

To come to more specific requirements for building up an efficient merchant service:

First and foremost, all experience proves that, except to secure reasonable conditions of service and reasonable efficiency and safety of tonnage, Government interference with the management of shipowning merely leads to inefficiency and eventual disaster. The Government of Great Britain, the country with the longest experience in this branch of commerce, has recognised this fact more than those of most countries, which is perhaps worthy of note. Management also, besides having the knowledge of an intricate subject, which is only acquired by dearly-bought experience, must have continuity and an impersonal sense of the importance of the job for the job's own sake. This can only be obtained by selection of good men, irrespective of their provenance, promotion of the best men to the best posts and ruthless lopping of dead wood. Those at the top must preserve an absolutely impartial mind and forget personal feelings. Lower down in the scale of the management a detailed knowledge of the requirements of various trades, of the capacity of each ship in the fleet, of the stowage of cargo, of the varying values of different classes of cargo as paying freight, of the customs and port charges of the various ports, of the cost of handling cargo and of many other things, is required. If exact knowledge of this kind and exact habits of thought are not available, even the best of higher managements is incapable of making shipowning pay.

The next most important factor is to possess a good technical shore staff (marine and engineer superintendents) and a keen and experienced floating staff. In spite of the good work done on the Yangtze by Chinese as pilots, as laodahs of tugs, small steamers and lighters, and as (up to chief) engineers in many of the smaller craft, the necessary skill and experience to take charge of the larger River steamers and the Coastal tonnage is not yet available in anything like sufficient quantity among Chinese, and foreigners are necessary still, and will be for some time, if really good results are to be got. The Chinese companies, especially the China Merchants Company, up to date have always employed a good number of foreigners, who have in most cases probably come out to the China Coast in the service of their own national companies,

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must have confidence and an important sense of the importance
of the job for the job's own sake. This can only be obtained
by selection of good men, irrespective of their previous
promotion of the best men to the best posts and positions, looking
of good wood. Those at the top must possess an absolutely
superior mind and forget personal feelings. Power down in the
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and then have gone for one reason or another to the Chinese-owned ships, where they have rendered good service.

What, however, can be done to enlarge the supply of Chinese with the necessary qualifications? Generally speaking, up to the present, Chinese of good enough education to be officers or engineers do not go to sea, and those who are used to the sea have not the education to be officers or engineers.

To help the production of navigators, some of the British ocean lines, at any rate, have taken on a certain number of young Chinese of good class as midshipmen, who, after their four years' sea service have been able to take their B.O.T. 2nd mate's ticket. They can then, if they wish, after the necessary further sea service - opportunities for which have been offered them - obtain a certificate, after passing the necessary examinations in Hong Kong, that they have passed for mate's or master's ticket. So far, however, these lads have either left the sea after their apprenticeship or gone into Government service, which rather goes to show that the real sea sense has still to be acquired. Lads of much the same class, however, after some years of trial and error, are beginning to settle down as excellent sea-going wireless men, with a proper pride in their craft and a sense of discipline.

The question of the engineer supply is easier, since there education and practical skill seem to approach more nearly to each other than in the deck, and in a sense the sea engineer is only following the same profession as his brother in a workshop. The supply is, of course, mainly from the apprentices in the yards (Chinese and foreign) in Shanghai and those in Hong Kong, where much is being done privately by way of technical and English classes, and more can and will be done to give those worthy of it theoretical and practical training, which will fit them to be at least good foremen or watchkeeping engineers. Even now Chinese assistant superintendents are not unknown in foreign companies, but there is a long road to go before the goal is reached.

It cannot, however, be expected, that private initiative of this kind for the supply of private needs will be enough to train up a staff for the Chinese merchant marine, nor that the Chinese Government will be content for ever with foreign certificates of competence, of however high a class. With that prospect in view one must emphasise that, if any

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success at all is to be attained, the essential foundation is in all cases a thorough apprenticeship, where the lad learns about a ship or an engine by actually doing things himself, and also learns the need for discipline.

As for the necessary technical education in both deck and engine, the establishment of schools of navigation and engineering will be found necessary, at which on payment of fees the future deck officer or engineer can get his theoretical knowledge. Such schools should be subsidised either by the Chinese Government, some of the Universities or perhaps by the Maritime Customs, as is done in England, where many schools are in receipt of Government grants or assistance from the local authorities. The Engineering Chair at the Hong Kong University could, by suitable re-organisation, be made use of in this connection, and for the deck officers the Nautical College at Pangbourne shows what can be done to give a nautical education on land.

Training in wireless, which is not really a difficult profession, might perhaps be given by the Chinese Post Office. It would be well worth while also to send those engineers who showed promise abroad for a term of years, in order to make them acquainted with the latest developments in engineering and shipping and engine design. All this theoretical education, however, will not provide what is wanted, and will be merely a danger, unless there is an opportunity for practical application of what has been learned at sea. The best way to achieve that is with a training ship and, although the deck men will never serve as officers in one, there is little doubt that they will profit most in the development of qualities of self-reliance and handiness by apprenticeship in a sailing ship. Then, of course, proper examinations for the various grades in deck and engine up to the best foreign standard must be held, and a competent and experienced body, preferably that well-tried servant of China, the Maritime Customs, must be set up to supervise them, issue the necessary certificates and see to the maintenance of a high professional standard in the merchant marine.

Finally there are the ships themselves. Although practically all the materials have so far been imported from abroad, the ability in China actually to build ships is, of course, obvious, and, as the Kiangnan Yard has proved, first-class designs for various specialised local trades have been produced in China; but in spite of the knowledge gradually being acquired by Chinese engineering students abroad, the latest innovations in hull and engine design are likely to come

from abroad for some time yet, and no merchant marine, which has not those at its command, can survive in competition with more modern and economical tonnage. Anyone who can only read about the latest inventions, and is not taking part in their production, is practically bound to be somewhat out of date. Hereditary skill in and sense for a profession count for very much. Hence one is forced to the conclusion that the presence in China waters of ships, whether ocean or coasters, build abroad, designed according to the latest principles, will continue to be of use as models for local designers.

Then there are the related questions of upkeep and survey. If the merchant is to travel in safety himself, and have his cargo conveyed in good condition, the vessel must be kept in good condition, have a proper (and strictly observed) load line assigned to it and have proper boats and life-saving appliances always in good order. Here again experience comes in, since it is quite easy to be extravagant in upkeep to the extent that the ship will not pay, or will not fetch her depreciated book value, when she is no longer efficiently worth keeping in employment. The surveying authority, which is a necessity, in order to keep up a general standard of upkeep and seaworthiness can, and in all countries does sometimes, insist on a standard which, however theoretically desirable, is beyond the practical needs of the case. This authority must be willing to consult the shipowners and listen to reason about their practical problems, and in China at present one can think of no service more fitted to undertake the control of survey, or which would command more confidence, than the Customs, with all its long experience of China trade.

V. Finally there are all the questions of harbour administration, conservancy, coast and river survey, lights, weather reports, pilotage &c. &c. The work done by the various conservancy boards on the Chinese rivers, although like all experts they must be controlled by common-sense commercial men, if they are not to do more and therefore spend more than the trade really calls for, is worthy of all praise and it will be a bad day for the safety and economical running of coastwise tonnage, if there is ever any falling off of their present professional standard.

It would be well, if the various pilotage bodies at Chinese ports were brought under the more unified control of

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It would be well, if the various pilotage bodies at Chinese ports were brought under the more unified control of

the Customs and made to bring their ideas of their own value more into line with the facts of world conditions and the state of the China trade, since they are at present in far too privileged a position and adopt far too autocratic an attitude for the good of shipowning, on which they live. The other items mentioned have, generally speaking, though one must mention the excellent survey of the Yangtze by the Hydrographic Department, been under the Customs and one must as a shipowner express the fervent hope that this control will continue and that municipalities will realise the wisdom more than they seem to of late of working with the Customs harbour administration in matters of reclamation, frontage, ferry services &c. &c.

| | | | | | |
|---------|---------|---------|--------|--------|---------|
| Foreign | 63 (a) | 51,741 | 53 | 52,037 | 103,778 |
| Chinese | 118 (b) | 122,548 | 24 (c) | 31,317 | 153,865 |
| | 178 | 174,289 | 77 | 83,354 | 257,643 |

2.3. (a) Does not include vessels outside the strict China Coast Trade (e.g. Singapore and Bangkok trades and Calcutta to Japan).

(b) Includes:-

30 tramp steamers of a total of 55,155 net register tons - average age 23 years, and

Excludes:-

20 Canton registered steamers which may be regarded as outside the China coastal trade of a total of 27,142 net register tons.

(c) Does not include the Upper Yangtze tonnage of many smaller concerns (see Appendix C. 10).

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APPENDIX A.

A. Summary of Coastal and River Tonnage (excluding Tugs and Launches) of the Principal Companies.

1929.

| | <u>Coast.</u> | | <u>River.</u> | | <u>Total.</u> |
|---------|---------------|--------------------|---------------|--------------------|--------------------|
| | No. | Net Register Tons. | No. | Net Register Tons. | Net Register Tons. |
| Foreign | 60 (a) | 81,741 | 59 | 72,037 | 153,778 |
| Chinese | 118 (b) | 122,546 | 24 (c) | 31,317 | 153,863 |
| | 178 | 204,287 | 83 | 103,354 | 307,641 |

N.B. (a) Does not include vessels outside the strict China Coast Trade (e.g. Singapore and Bangkok trades and Calcutta to Japan).

(b) Includes:-

59 Tramp steamers of a total of 63,195 net register tons - average age 29 years, and

Excludes:-

25 Canton registered steamers which may be regarded as outside the China coastal trade of a total of 27,148 net register tons.

(c) Does not include the Upper Yangtze tonnage of many smaller concerns (see Appendix C. (C)).

APPENDIX A
Summary of Coastal and River Tonnage (excluding Tugs and Launches) of the Principal Companies.

1928.

| | <u>Coast.</u> | | <u>River.</u> | | <u>Total.</u> |
|---------|---------------|--------------------|---------------|--------------------|---------------|
| | No. | Net Register Tons. | No. | Net Register Tons. | |
| British | 80 (a) | 51,741 | 80 | 78,037 | 129,778 |
| Chinese | 118 (b) | 122,344 | 24 (c) | 31,817 | 154,161 |
| | 198 | 204,085 | 84 | 109,854 | 313,939 |

(a) Does not include vessels outside the strict China Coast Trade (e.g. Singapore and Bangkok trades and Calcutta to Japan).

(b) Includes:-

82 Tramp steamers of a total of 85,195 net register tons - average age 29 years, and

Excludes:-

25 Canton registered steamers which may be regarded as outside the China coastal trade of a total of 27,148 net register tons.

(c) Does not include the Upper Yangtze tonnage of many smaller concerns (see Appendix G. (C)).

APPENDIX A. (Contd.)

B. Summary of Tonnage on the Lower, Middle & Upper Yangtsze
(excluding Tugs and Lighters).

1930.

| | Lower & Middle Yangtsze and Lake. | | | Upper Yangtsze. | | | Total Capacity. |
|---------|--------------------------------------|-----------------------|--------------------------------|-----------------|-----------------------|--------------------------------|--------------------|
| | No. | Capacity Tons d.w. | Average age per steamer. | No. | Capacity Tons d.w. | Average age per steamer. | Tons d.w. |
| Foreign | (a) 44 | 58,470 | 20 | 23 | 6,494 | 6 | 64,964 |
| Chinese | (b) 19 | 21,988 | 27 | 3 | 893 | 7 | 22,881 |
| | 63 | 80,458 | - | 26 | 7,387 | - | 87,845 |

(a) Includes 2 Motor Lighters.

(b) " 3 " "

C. Tugs and Lighters.

Yangtsze Services.

1930.

| | Tugs. | Lighters. | | | | Total Lighter Capacity. |
|---------|-------|-------------------|-------------------|--------------|-------------------|----------------------------|
| | | General Cargo. | Capacity Tons. | Bulk Oil. | Capacity Tons. | Tons. |
| Foreign | 24 | 54 | 10,145 | 41 | 12,510 | 22,655 |
| Chinese | 5 | 16 | 3,250 | - | - | 3,250 |
| | 29 | 70 | 13,395 | 41 | 12,510 | 25,905 |

APPENDIX B.

A. Analysis of China Coast and River Trade.

Cargo.

| Year. | Foreign Companies. | | | Chinese Companies. |
|------------|--------------------|---------------|-------------|--------------------|
| | British % | Japanese % | Others % | % |
| 1926 | 33 | 22 | 7 | 38 |
| 1927 | 39 | 22 | 7 | 32 |
| 1928 | 43 | 17 | 5 | 35 |
| 1929 | 46 | 18 | 6 | 30 |
| 1930 π | 42 | 25 | 5 | 28 |

π Rough estimate, published figures not yet available.

N.B. Based on value of carryings between the open ports (but not Inland Waters trade) plus the trade between Hong Kong and China in both directions.

Passengers.

| Year. | Foreign Companies. | | | Chinese Companies. |
|-------|--------------------|---------------|-------------|--------------------|
| | British % | Japanese % | Others % | % |
| 1927 | 42.65 | 20.96 | 0.33 | 36.06 |
| 1928 | 37.96 | 13.16 | 0.33 | 48.55 |
| 1929 | 40.97 | 19.47 | 0.78 | 38.78 |
| 1930 | 41.13 | 20.05 | 0.62 | 38.20 |

N.B. Passenger figures are based on carryings Shanghai/Hong Kong/Canton Line; Shanghai/Tsingtao Line; Shanghai/Tientsin Line; Shanghai/Ningpo Line, Yangtsze Lines.

They are necessarily a rough estimate and do not include carryings between ports in Gulf of Pechihli, West River ports and sundry trades impossible to estimate with any degree of accuracy.

APPENDIX B. (Contd.)

B. Analysis of China Coast and River Trade (in Millions of Tons)

| Flag | 1935 | | 1936 | | 1937 | | 1938 | | 1939 | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | China | Other | China | Other | China | Other | China | Other | China | Other |
| British | 838 | 88 | 859 | 35 | 810 | 15 | 865 | 40 | 802 | 10 |
| Japanese | 588 | 18 | 624 | 30 | 640 | 20 | 450 | 20 | 66 | 20 |
| Others | 176 | 11 | 197 | 10 | 160 | 5 | 147 | 5 | 8 | 5 |
| Chinese | 971 | 100 | 1,071 | 20 | 704 | 18 | 980 | 20 | 113 | 20 |
| Total | 2,573 | | 2,551 | | 1,534 | | 1,382 | | 139 | |

- (a) China. Figures under this head represent the total value of cargo, including oil, handled under each flag between the open ports, excluding Hong Kong and inland waters trade, transshipment and a certain amount of ocean transshipment cargo.
- (b) Hong Kong. Figures represent cargoes to and from China and Hong Kong.
- (c) Transshipment. The figures given above are largely guess-work.

APPENDIX B. (Contd.)

C. Rough Estimate of Annual Values of Cargo and Passengers carried on undernoted China Coast and River Trades.

| <u>Route.</u> | | <u>Cargo.</u> | <u>Passengers.</u> |
|--|-----|-------------------|--------------------|
| Tsingtao/Shanghai to Amoy, Swatow, Hong Kong & Canton. | (a) | Tls. 300,000,000 | 60/80,000 |
| Canton/Hong Kong to Swatow, Amoy, Foochow, Shanghai. | | HK. \$110,000,000 | 100,000 |
| Amoy/Foochow/Shanghai/ Northern Ports/River Ports Amoy/Hong Kong/Canton. | | \$ 2,300,000 | 35/40,000 |
| Swatow/Shanghai/River Ports/ Northern Ports. Swatow/Hong Kong/Canton Swatow/Amoy/Foochow Swatow/Hoihow/Pakhoi/Haiphong. | | \$ 10,400,000 | 40/50,000 |
| Shanghai/Hankow Hankow/Ichang Hankow/Changsha Ichang/Chungking. | | Tls. 600,000,000 | See note. |

Note:- Passengers on the Yangtze - no exact figures available but there must be about $1\frac{1}{2}$ millions a year carried on Lower Yangtze steamers, not less than 150,000 a year on the Middle Yangtze, 75,000 on Hunan line, 20,000 on Upper Yangtze.

| | | | |
|--|--|---------------|--|
| Amoy/Swatow/Hong Kong/ Hoihow/Singapore and return. | | \$ 60,000,000 | 450,000 (When no re- striction.) |
| Hong Kong/Swatow/Hoihow/ Bangkok and return. | | \$215,000,000 | 90,000 |
| Hong Kong/Swatow/Canton/ Hoihow/Pakhoi/Indo-China and return. | | \$180,000,000 | 50,000 |
| Hong Kong/West River and Delta trade, including Canton and Macao. | | \$ 75,000,000 | 1,500,000 |

(a) Excluding treasure of which large shipments are made to way-ports.

APPENDIX B. (Contd.)

D. Foreign Export Cargo from Hankow.

| Year | Tons. | <u>Percentages carried by:-</u> | | |
|------|--------|---------------------------------|--------------------|--------------|
| | | British % | Other Foreign % | Chinese % |
| 1929 | 56,699 | 75 | 20 | 5 |
| 1930 | 70,798 | 76 | 13 | 11 |

In the above figures Chinese owned steamers flying the British flag have been classed as "Chinese steamers".

Particulars are not available for:-

- (1) Cargo and passengers between Hong Kong and Singapore etc.
- (2) Cargo and passengers from Singapore, Penang and Bangkok to Canton.
- (3) Cargo and passengers Hong Kong to Singapore, Penang, Bangkok and vice versa.
- (4) Cargo and passengers to and from Hankow.

APPENDIX B. (Contd.)

D. Foreign Export Cargo from Hanks.

| Year | Tons. | British % | Percentages carried by:- | |
|------|--------|--------------|--------------------------|--------------|
| | | | Other Foreign % | Chinese % |
| 1929 | 86,899 | 78 | 20 | 2 |
| 1930 | 70,798 | 76 | 13 | 11 |

APPENDIX B. (Contd.)

E. Some Statistics relating to Southern Trades.

| | Swatow to Singapore and Penang. | | | | Swatow to Bangkok. | | | |
|--------------------------|------------------------------------|----|------------------|----|--------------------|----|------------------|----|
| | Chinese Strs. | % | Foreign Strs. | % | Chinese Strs. | % | Foreign Strs. | % |
| <u>1927.</u> | | | | | | | | |
| No. of Saloon Passengers | - | - | 738 | - | - | - | 147 | - |
| " " Deck | 25,957 | 33 | 52,208 | 67 | 24,399 | 41 | 34,668 | 59 |
| Tons of Cargo Carried | - | - | - | - | 22,294 | 63 | 12,916 | 37 |
| <u>1928.</u> | | | | | | | | |
| No. of Saloon Passengers | - | - | 605 | - | - | - | 225 | - |
| " " Deck | 23,149 | 35 | 43,437 | 65 | 26,757 | 43 | 34,814 | 57 |
| Tons of Cargo Carried | - | - | - | - | 15,585 | 49 | 16,448 | 51 |
| <u>1929.</u> | | | | | | | | |
| No. of Saloon Passengers | - | - | 364 | - | - | - | 164 | - |
| " " Deck | 21,137 | 35 | 40,018 | 65 | 15,137 | 42 | 21,186 | 58 |
| Tons of Cargo Carried | - | - | - | - | 18,557 | 51 | 17,918 | 49 |
| <u>1930.</u> | | | | | | | | |
| No. of Saloon Passengers | - | - | 220 | - | - | - | 186 | - |
| " " Deck | 23,021 | 43 | 30,295 | 57 | 22,130 | 46 | 25,629 | 54 |
| Tons of Cargo Carried | - | - | - | - | 20,401 | 49 | 21,189 | 51 |

N.B. In the above figures Chinese owned steamers flying the British flag have been classed as "Chinese steamers".

Particulars are not available for:-

- (1) Cargo and passengers between Amoy and Singapore etc.
- (2) Cargo and passengers from Singapore, Penang and Bangkok to Swatow.
- (3) Cargo and passengers Hong Kong to Singapore, Penang, Bangkok and vice versa.
- (4) Cargo and passengers to and from Hoihow.

APPENDIX B. (Contd.)

B. Some Statistics relating to Southern Trades.

| Swatow to Singapore and Penang. | | | | Swatow to Bangkok | | | |
|---------------------------------|------------------|-----------------------|-----------------------|-------------------|------------------|-----------------------|-----------------------|
| Chinese Tons. | Foreign Tons. | Chinese Passengers | Foreign Passengers | Chinese Tons. | Foreign Tons. | Chinese Passengers | Foreign Passengers |
| 1927. | | | | 1927. | | | |
| 85,987 | 35 | 22,208 | 87 | 24,399 | 47 | 24,668 | 89 |
| - | - | - | - | 22,224 | 63 | 17,918 | 37 |
| 1928. | | | | 1928. | | | |
| 88,149 | 35 | 42,437 | 85 | 28,757 | 48 | 24,814 | 37 |
| - | - | - | - | 17,785 | 42 | 12,445 | 31 |
| 1929. | | | | 1929. | | | |
| 87,182 | 35 | 40,018 | 85 | 16,137 | 48 | 21,188 | 48 |
| - | - | - | - | 18,557 | 51 | 17,918 | 39 |
| 1930. | | | | 1930. | | | |
| 83,021 | 43 | 50,292 | 57 | 22,130 | 46 | 22,520 | 44 |
| - | - | - | - | 20,401 | 42 | 21,199 | 31 |

In the above figures Chinese owned steamers flying the British flag have been classed as "Chinese steamers".

Particulars are not available for:-

- (1) Cargo and passengers between Amoy and Singapore etc.
- (2) Cargo and passengers from Singapore, Penang and Bangkok to Swatow.
- (3) Cargo and passengers Hong Kong to Singapore, Penang, Bangkok and vice versa.
- (4) Cargo and passengers to and from Kanton.

APPENDIX C.

1929.

A. Summary of Chinese Coast & River Tonnage 500 tons net reg. or over.

| <u>No. of Steamers.</u> | <u>Average N.R.T.</u> | <u>Total N.R.T.</u> | <u>Average Age.</u> |
|-------------------------|-----------------------|---------------------|---------------------|
| 133 | 1,153 | 153,414 | 29 Years |

N.B. Of the above only 16 steamers of 18,245 N.R.T. have been built since 1918 (of which 3 new China Merchants Steam Navigation Co's river steamers built in 1920/1 account for 8,895 tons).

B. Summary of Tonnage owned by Cantonese Chinese-registered in Canton - of 500 tons net register or over (excluding small river craft).

| <u>No. of Steamers.</u> | <u>Average N.R.T.</u> | <u>Total N.R.T.</u> | <u>Average Age.</u> |
|-------------------------|-----------------------|---------------------|---------------------|
| 25 | 1,086 | 27,148 | 31 Years |

N.B. These may be regarded as outside the China Coastal trade; they ply mainly from Canton to Indo-China, Siam and Straits.

C. Upper Yangtsze (Ichang/Chungking/Suifu).

| | <u>Steamers.</u> | <u>N.R.T.</u> |
|---|------------------|---------------|
| Chinese Flag | 33 | 5,806 |
| Chinese owned but) flying flags of) other national-) ities.) | 8 | 3,262 |
| | <hr/> 41 | <hr/> 9,068 |
| | <hr/> | <hr/> |

Average tonnage per steamer - 221 tons.

N.B. Nearly all these steamers built since 1920.

APPENDIX C

1923

Summary of Chinese Coast & River Tonnage 500 tons net reg. or over.

No. of Steamers. Average N.R.T. Total N.R.T. Average Ann.

29 Years

153,414

1,153

N.B. Of the above only 18 steamers of 18,245 N.R.T. have been built since 1918 (of which 3 new China Merchants Steam Navigation Co's river steamers built in 1920/1 account for 8,355 tons).

Summary of Tonnage owned by Chinese-registered in Canton - of 500 tons net register or over (excluding small river craft).

No. of Steamers. Average N.R.T. Total N.R.T. Average Ann.

31 Years

27,148

1,086

N.B. These may be regarded as outside the China Coastal trade; they ply mainly from Canton to Indo-China, Siam and Straits.

Upper Yangtze (Ichang-Chungking/Szechuan).

| Chinese Flag | Steamers | N.R.T. |
|--|----------|--------------|
| Chinese owned but flying flag of other nationalities | 8 | 2,322 |
| Chinese owned and flying Chinese flag | 32 | 2,808 |
| | | <u>5,130</u> |

Average tonnage per steamer - 221 tons.

N.B. Nearly all these steamers built since 1920.

